

## **Minutes of the Finance Committee**

**Wednesday, June 4, 2003**

Chair Haukohl called the meeting to order at 8:46 a.m.

**Present:** Supervisors Pat Haukohl (Chair), Jim Behrend, Genia Bruce, and Joe Griffin. Joe Marchese arrived at 8:48 a.m. and Don Broesch arrived at 8:50 a.m. Griffin left the meeting at 10:05 a.m. and Marchese left at 11:02 a.m.

**Also Present:** Legislative Policy Advisor Mark Mader, Chief of Staff Lee Esler, County Board Candidate Bill Mitchell, Building Projects Manager Dennis Cerreta, Inspector Bob Johannik, Architectural Technician Mike Wells, Budget Manager Keith Swartz, Enterprise Operations Manager Pete Pulos, Collections & Business Services Manager Sean Sander, Principal Financial Projects Analyst Bob Ries, Internal Audit Manager Lori Schubert, Principal Internal Auditor Joe DeAntonis, and Risk Management Administrator Laura Stauffer.

### **Approve Minutes of May 7 and 21, 2003**

**MOTION:** Griffin moved, second by Behrend to approve the minutes of May 7. Motion carried 4-0.

Marchese arrived at 8:48 a.m.

**MOTION:** Bruce moved, second by Behrend to approve the minutes of May 21. Motion carried 5-0.

### **Announcements**

Haukohl reminded the committee to be careful and not discuss items that aren't on the agenda. Also, she asked supervisors who serve on RFP committees that they inform Purchasing staff that they are not to schedule these meetings during committee meetings.

Broesch arrived 8:50 a.m.

### **Executive Committee Report**

Haukohl advised of the following issues discussed at the last Executive Committee meeting.

- Approved the two Federated Library ordinances that were included in the last yellow packet. One just changed the date for the distribution of funds to the municipalities to concur with the adopted plan. With regards to the second ordinance, to adopt the Act 150 recommendations, the committee removed recommendation #5 which involved looking into capital costs. Instead, this will be brought forward as a separate ordinance.
- Reviewed County Board objectives for the 2004 budget which, for the most part, are the same as last year including to keep connected with state legislators, but also to develop an overall future land use plan for the highway, Expo, and airport grounds.
- Reviewed the structure and organization of the Workforce Development Center. Chair Dwyer will discuss with the Internal Audit Manager about a possible internal audit on the structure of the organization, how funds are allocated, and accountability issues.
- The committee will be interviewing candidates for the two vacant County Board seats on June 16<sup>th</sup>.
- Any supervisors who feel strongly about 911 dollars coming into our County should talk to their State Senator. A bill passed the Assembly and is now in the Senate and dictates that these dollars be allocated to one dispatch center per County.

### **Schedule Next Meeting Dates**

Haukohl said the next Finance Committee meeting is scheduled for June 18<sup>th</sup> and one of the items on that agenda will be budget assumptions with Department of Administration staff.

### **Read Correspondence**

Haukohl said Executive Committee correspondence lists will now be placed in supervisor mailboxes.

### **Ordinance 158O- 020: Create New Capital Project #200329, Metro Unit Relocation, and Modify 2003 Capital Budget**

**MOTION:** Bruce moved, second by Broesch to approve ordinance 158-O-020.

Cerreta said this is an 8,400 square foot addition and encompasses two of the additions built years ago at the Northview building. The budget for this project is \$200,000 to be taken from the contingency fund. This includes \$18,000 for the architect, \$135,000 for construction, \$7,000 for hazmat, and \$40,000 for contingency purposes. The County Board had directed that a portion of the Northview building, where the Metro Unit is currently located, be demolished. To answer Bruce's question, Johannik said seized funds can only be used to enhance services and this project does not qualify. To answer Griffin's question, Haukohl referred to the fiscal note and advised that the current contingency fund balance is \$1,350,000. Esler asked why \$40,000 for contingency purposes? Wells said with a building this old, they felt it was necessary because unknown issues/problems can arise. With regards to using contingency funds, Swartz said they looked at all other options. Behrend commented that this is a good deal at \$30 a square foot. Esler said, not including contingency, it's actually about \$19 a square foot.

The fiscal note states that the demolition project will require an additional \$300,000 over the current budget which is \$675,000. Broesch asked why the increase? Esler discussed the history of the technology incubator capital project which fell through due to costs a few years ago and involved a different area of the building. This Metro Unit project involves utilizing the best area at the lowest renovation cost and it's suitable for their use. The \$675,000 was the amount the County would have contributed to the technology incubator at approximately 1/5<sup>th</sup> of the cost which was going to be a private industrial bond for the balance of the \$3.4 million. The \$675,000 was a financing option to get it started and it was never calculated as a true demolition cost. Broesch said he understood it as being a true demolition cost. Esler said it had been referred to as such but inaccurately. Wells noted that a budget and concept study hadn't been done when the original demolition cost was estimated but one has been done since then. Regarding the additional \$300,000, Wells said in the last three weeks they decided to add the boiler room to the capital project and the fiscal note was written prior to that. Broesch felt the fiscal note should be revised to change the \$300,000 to something higher and more accurate. Broesch asked what the plan called for whereby Wells said \$1.2 million. Haukohl asked if the demolition will be proposed as a separate capital project for the 2004 budget because it's not in 2003 or 2002 whereby Wells said yes. Esler said there was a 2001 capital project entitled "Northview Renovation / Demolition" and it was an either / or – either renovate it or demolish it, and when the technology incubator fell through, it was to be demolished for \$675,000. Had the technology incubator been approved, the \$675,000 would have covered environmental clean-up, roof repair, stair removal, courtyard paving repair, landscaping, etc. Because it wasn't approved, the \$675,000 was applied to the demolition and this remains as an open and ongoing 2002 project with \$675,000 allocated to it. The recent Fisher and Fisher report calls for more money and it requires a capital project. Esler said there's another project in the works and it involves \$500,000 for the boilers.

Griffin referred to the fiscal note and said the demolition is not relevant to the Metro Unit project. Swartz referred to this as double-edged sword and that they could receive complaints if they didn't disclose all information. Swartz said this was the first they've heard of the boiler room project. The boiler room is not included because it isn't relevant to this project. Haukohl and Bruce agreed with Griffin and Haukohl

said the demolition costs were brought into the fiscal note and this has caused confusion. Broesch felt the fiscal note needed to be revised. Esler suggested a fiscal clarification be obtained for when this goes before the full County Board whereby Swartz concurred.

Griffin left the meeting at 10:05 a.m.

**MOTION:** Behrend moved, second by Broesch that the fiscal note be revised prior to the next County Board meeting to reflect today's discussion, the history of all these projects, and anything contemplated at this point. Motion carried 5-0.

The motion to approve the original ordinance as amended carried 5-0.

### **Follow-up Report on Operating Costs for Golf Courses**

Haukohl said the committee, at their last meeting, questioned the increases in operating costs at the golf courses. Pulos distributed copies of "Waukesha County Golf Course Financial Analysis 2002-2001" which included information on revenues, expenditures, net income, cash flow, etc. Pulos noted there was roughly a 2% increase in revenues from 2001 to 2002. He advised that the expenditure increases were primarily due to the following: across-the-board increases in employee benefits (a 16% increase), fertilizer (46%), utilities are increasing significantly and we'll see that in 2003 as well, fleet repair with the greens mowers (20%), administrative overhead; and depreciation (30%) due to the irrigation capital project at Wanaki, and one-time catch-up costs for depreciated assets at Naga-Waukee (\$70,000). For 2003, Pulos said they're seeing more cost controls with expenditures although at this point they're down 10% in revenues due to a late starting golf season.

### **1<sup>st</sup> Quarter Status Report on Collections**

Sander discussed first quarter collections as outlined in his report entitled "Collection Division Delinquent Collection/Referral Analysis: 2003 Three Month Report." Total first quarter collections increased 13.9% from 2002 and increased 122.6% from 2001. Total collections for 2001, 2002, and 2003 were \$360,864, \$705,290, and \$803,249, respectively. The total amount retained by the County for the first quarters of 2001, 2002, and 2003 was \$283,100, \$549,697, and \$584,028, respectively. Additional revenue sources identified and/or implemented by Collections have generated \$283,833 of additional revenues for the County in the first quarter of 2003.

Marchese left the meeting at 11:02 a.m.

### **1<sup>st</sup> Quarter Status Report on Investments**

Ries discussed this issue as outlined in his report which included information on valuation at cost, valuation at market, 1995-2003 total County investment income, County investment portfolio data by investment advisor, average quarterly rates for 1995-2003, etc. Ries said returns in the first quarter fell from 1.48% to 1.25% even though we realized gains on security sales. The decrease was primarily due to the fact that late last year we drew \$10 million out of the Bank One portfolio for cash flow purposes. Also, there was a large increase in the amount invested in our short-term funds: Dana Investment Advisors, AIM & Federated money funds, and Wells Fargo checking. This was mainly due to revenues, primarily property taxes that come in during the first quarter and are held and invested in these funds until needed for expenditures later in the year. At the end of the fourth quarter of 2002, our short-term money funds were 10% of our total portfolio and at the end of the first quarter of 2003, it's up to 33%. Returns were also low due to the low rates we were earning on our short term investments because of Federal Reserve interest rate cuts totaling 5.25% since early 2001. Our money fund yields fell from 6.4%-6.5% at their peak in October of 2000 down to an average of 1.2%-1/3% on an annual basis since then. Referring to our managed portfolios, Reis noted that Bank One and Galliard did very well in the first quarter. Dana's performance was below those two, mainly because of falling adjustable mortgage rates. The

annualized returns for the last four quarters were up 4.7% which is due to gains from the last two quarters. The average daily balance at the end of the first quarter of 2003, total investments, was \$162,645,293.

**Review the Waukesha County Worker's Compensation Internal Audit of April, 2003**

Stauffer, Schubert, and DeAntonis were present to review the report as outlined which was discussed in detail at a recent Executive Committee meeting. DeAntonis explained the five recommendations in detail, of which, Risk Management staff concurred with each. Broesch said while he can easily justify the necessity of audits, he felt staff shouldn't be too overzealous when reporting minor issues.

**Presentation by Supervisor Marchese on Observations at Nutrition Site**

This item was heldover due to Marchese's absence.

**Ordinance 1580- 022: Establish Salaries for Elected Officials**

This ordinance was not voted on due to it being held over yesterday by the Personnel Committee. Broesch, a member of the Personnel Committee, briefly highlighted yesterday's meeting. In summary, some supervisors felt the proposed salary increase for County Board Supervisors wasn't enough. The ordinance was held over so County Board staff could gather current data on County Board Supervisor salaries in other counties.

**MOTION:** Behrend moved, second by Broesch to adjourn at 11:44 a.m. Motion carried 4-0.

Recorded by Mary Pedersen, Legislative Associate.

Respectfully submitted,

Joseph F. Griffin  
Secretary